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TO RUEHC/SECSTATE WASHDC 2893
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE

UNCLAS TBILISI 000206

DEPT FOR EUR/CARC, EEB

SENSITIVE
SIPDIS

DEPARTMENT PASS TO KENNETH ANGEL

E.O. 12958: N/A
TAGS: [EINV](#) [EFIN](#) [GG](#)
SUBJECT: OPIC FINANCING: BETSY'S HOTEL PROJECT

REF: STATE 09960

11. Summary: In response to reftel, Post's inquiry into Betsy's Hotel revealed no negative information that would impede issuance of OPIC credit to the company. End Summary.

12. Betsy's is a boutique hotel overlooking the center of Tbilisi. The hotel has been functioning successfully for about 15 years. A series of expansions and upgrades reflect the hotel's success. Betsy's hotel enjoys a good reputation and the efforts of its management have turned it into a preferred place of stay for visitors coming to Georgia, especially those who are looking for longer-term accommodations.

13. In general, the hotel business in Georgia has suffered from the consequences of 2008 August war with Russia and global economic crisis, resulting into a sharp decline into the number of tourists. However, any negative effect on Betsy's hotel has been minimal due to the fact that its clients are mostly visitors who arrive through donor-funded (US Embassy and AID contractors included) projects. The current occupancy rate at Betsy's has returned to a pre-war level of 65 percent, and the outlook for future operations is more positive.

14. Steven Johnson, the primary owner and General Manager of Betsy's hotel, is well known to the Embassy and a board member of the American Chamber of Commerce in Georgia. Mr. Johnson also owns an English language bookstore - Prospero's Books. Post is unaware of any negative information concerning the financial standing of Betsy's Hotel. Additionally, Post has no negative information regarding terrorism, money laundering, corruption or other charges about the owners and managers of the hotel.

BASS